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## OPEC's U.S. Holdings: \$34 Billion

The Central Intelligence Agency has conducted a secret survey of the flood of petrodollars into the United States. Over the past three years, according to the CIA survey, the oil-producing countries have invested an astounding \$34 billion in U.S. holdings.

Some CIA analysts fear this prodigious financial stake could influence U.S. action in any future Middle East crisis. The nation's most influential financial leaders, the analysts suggest, might feel compelled to support the Arab cause.

For example, members of the Organization of Petroleum Exporting Countries have entrusted their portfolios to the nation's largest banks, particularly Chase Manhattan, Morgan Guaranty, Bank of America and New York's First National City Bank.

Thus the Arab oil potentates have become big customers of these powerful banks. Presumably, this will heighten their sympathy for the Arab viewpoint. For once the Arabs get a hold on a banker's pocketbook, his heart and mind will usually follow.

Yet the petrodollars have been channeled discreetly into the U.S. economy. With the single exception of the shah of Iran, the oil potentates have been careful to avoid purchasing controlling interests in American firms.

The rise and fall of the stock market, plus deposit withdrawals and other transactions, have reduced the value of the \$34 billion OPEC investment in the United States by \$2 billion, according to the CIA. The CIA estimate is that the oil-producing nations are pumping

about 20 per cent of their available funds into this country.

At first, most of the money, according to confidential Treasury Department documents, was put into "commercial banks as short-term deposits," thus creating "widespread fear that a sudden withdrawal or shifting of these deposits would lead to a collapse of certain banking institutions."

But around mid-1973, the OPEC countries began to concentrate more on long-term holdings. Their financial power, meanwhile, has been slowly increasing in the executive suites of America.

**Backroom Affair**—We have often cited the cozy relationship between the federal energy regulators and the oil tycoons they regulate. Now, in a startling, confidential memo, Congress had accused the Federal Energy Administration of condoning the criminal conduct of the oil crowd.

The shocking memo, prepared by investigators for the House Energy and Power Subcommittee, declares: "Our investigation shows there is considerable evidence of potential criminal violations of the statutes and regulations administered by FEA. However, the agency failed to develop the means to conduct the necessary investigations for effective presentation of this evidence to the Justice Department for prosecution."

There is more to the story. Our own investigation has found that the FEA simply is unable to audit the major oil refiners. Without this capability to conduct criminal investigations or audits, the FEA may be letting the indus-

try rip off the public to the tune of hundreds of millions of dollars.

FEA officials across the country have pleaded for criminal investigators to crack down on oil criminals. Auditors have begged for instructions and more personnel. But the requests have received resounding rejections in Washington.

The FEA is charged with protecting the public from energy frauds. Here are just a few examples:

- The notorious "daisy chain" chases involved paper sales of petroleum products, with no real movement of the petroleum. Phony middlemen merely sold the paperwork back and forth, jacking up the price with each transaction. Yet these cases gathered dust in the FEA for months.

- The energy agency killed several investigations because its regional officials refused to cooperate with one another. When regional heads demanded sovereignty over certain cases, the probes came to an abrupt halt.

- The general counsel's office also delayed important cases, involving millions of dollars in possible overcharges to the consumers. The delays were unnecessary.

By the time the energy agency corrects the deplorable situation, if ever, it may be too late. The statute of limitations on the crimes could run out. Many of the violations occurred as long ago as the 1973 Arab oil embargo.

Footnote: New FEA Administrator John O'Leary told us he recognized his agency's failings and planned to correct them.